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Message Text

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60
ACTION ARA-20

INFO OCT-01 AF-10 EUR-25 NEA-14 ISO-00 EB-11 AEC-11 AID-20

CEA-02 CIAE-00 CIEP-02 COME-00 DODE-00 FEA-02 FPC-01

H-03 INR-10 INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07

RSC-01 SAM-01 SCI-06 SP-03 SS-20 STR-08 TRSE-00 PA-04

PRS-01 USIA-15 FTC-01 IO-14 DRC-01 /233 W
---------- 095442
R 091855Z MAY 74
FM AMEMBASSY PORT OF SPAIN
TO SECSTATE WASHDC 6382
INFO AMEMBASSY BRASILIA
AMEMBASSY BRIDGETOWN
AMEMBASSY CARACAS
AMEMBASSY GEORGETOWN
AMEMBASSY JIDDA
AMEMBASSY KINGSTON
AMEMBASSY LAGOS
AMEMBASSY QUITO
AMEMBASSY TEHRAN
AMEMBASSY TRIPOLI
AMEMBASSY VIENNA
USINT ALGIERS
USINT BAGDAD
AMCONSUL RIODEJANIERO

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E.O. 11652: N/A
TAGS: ENRG EIND EFIN TD
SUBJECT: PRIME MINISTER REPORTS ON GOTT OIL POLICY

REF: POS 579, POS 409, POS 147, POS 006 (ALL NOTAL)

SUMMARY: IN HIS LATEST TELEVISED SPEECH RELATED TO THE
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ENERGY CRISIS, PRIME MINISTER WILLIAMS ANNOUNCED THAT

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THE GOTT INTENDS TO BUY OUT SHELL'S LOCAL OPERATION (SEPTEL), TO RECEIVE ASSISTANCE ON PETROLEUM POLICY FROM IRAN AND IRAQ, AND TO CONTINUE NEGOTIATIONS FOR GOVERNMENT PARTICIPATION IN EXISTING TEXACO AND FUTURE AMOCO OPERATIONS. HE ALSO SAID PLANS ARE NEARLY COMPLETE FOR A STEEL PLANT INVOLVING BRAZILIAN PARTICIPATION AND AN ALUMINUM COMPLEX INVOLVING UNNAMED PARTNERS AND GUYANESE BAUXITE. THRUST OF PM'S SPEECH WAS CLEARLY DESIGNED TO GIVE IMPRESSION THAT THE GOTT IS MOVING AHEAD ON A NUMBER OF FRONTS, MOSTLY RELATED TO ENERGY-BASED INDUSTRIAL DEVELOPMENT, AND TO PRAISE JOINT-VENTURE OPERATIONS AS EPITOMIZED BY GOTT-TESORO RELATION-SHIP. END SUMMARY.

1. IN HIS LATEST REPORT TO THE NATION MAY 8 ON ENERGY POLICY (SEE REFTELS FOR EARLIER MESSAGES), PRIME MINISTER ERIC WILLIAMS MADE A NUMBER OF ANNOUNCEMENTS, MOST OF WHICH SEEM LARGELY DESIGNED TO CONVEY A SENSE OF MOTION ON THE PART OF HIS PERSONALLY-NURTURED GOTT PETROLEUM POLICY. HE ANNOUNCED, FOR EXAMPLE, THAT A DRAFT AGREEMENT HAD BEEN INITIALLED WITH W.R. GRACE & CO. FOR A JOINT-VENTURE AMMONIA FERTILIZER PLANT (POS 161), AND THAT THE AGREE-MENT WAS SLATED FOR CABINET APPROVAL MAY 9 AND THEN WOULD BE LAID BEFORE PARLIAMENT. HE ALSO REFERRED TO THE PETROLEUM REVENUE MEASURES ANNOUNCED IN THE 1974 BUDGET SPEECH (POS 175), AND SAID THAT LEGISLATION DRAFTED TO IMPLEMENT THESE MEASURES (INCLUDING A 2 1/2 PERCENT INCREASE IN THE INCOME TAX RATE APPLICABLE TO PETROLEUM COMPANIES) A REFINERY THROUGHPUT TAX, AND A SUBSIDY FINANCED BY OIL PRODUCERS TO HOLD DOWN THE RETAIL PRICE OF GASOLINE) IS NOW BEING STUDIED BEFORE FINAL SUBMISSION TO PARLIAMENT.

2. WITH REGARD TO A NUMBER OF COMPLICATED INDUSTRIAL PRO-JECTS ENDORSED BY THE GOTT. WILLIAMS ANNOUNCED THAT THE GOTT'S OIL MISSION TO LATIN AMERICA HAD HELD A NUMBER OF DISCUSSIONS WITH BRAZIL REGARDING A PROPOSED STEEL MILL BASED UPON IMPORTED IRON ORE AND USING TRINIDADIAN NATURAL GAS AS FUEL. HE SAID, HOWEVER, THAT TRINIDAD "NOW AWAITS A FINAL PROPOSAL" FROM BRAZIL REGARDING THIS PROJECT. HE ALSO ANNOUNCED THAT A CONSORTIUM HAS BEEN FORMED TO FINANCE AN ALUMINUM PROJECT IN TRINIDAD, AND THAT DISCUSSIONS ARE LIMITED OFFICIAL USE

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BEING HELD ON MAY 8 AND 9 WITH REPRESENTATIVES FROM GUYANA REGARDING THIS SCHEME.

3. WILLIAMS ALSO NOTED THAT ARRANGEMENTS HAVE BEEN MADE TO DEVELOP AN INDUSTRIAL AREA AT POINT LISAS (SITE OF AN EXISTING W.R. GRACE FERTILIZER PLANT), AS WELL AS ONE AT POINT FORTIN (LOCATION OF THE SHELL REFINERY), BOTH OF WHICH SHOULD BE SERVICED BY THE PROPOSED CROSS-

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TRINIDAD NATURAL GAS PIPELINE. REGARDING THE PIPELINE AND RELATED INDUSTRIAL DEVELOPMENT, THE PRIME MINISTER SAID THAT EXPERTS FROM THE UNDP AND THE OAS HAVE BEEN ASKED TO ASSIST IN DESIGNING PROJECT SPECIFICATIONS AND EVALUATION OF BIDS, AND HE CLAIMED THAT THE GAS PIPELINE WILL BE COMPLETED "REASONABLY CLOSE" TO ITS ORIGINAL SCHEDULE, I.E. 1976. HE ALSO ANNOUNCED THAT THE UN WILL PROVIDE ASSISTANCE FOR A SEISMIC AERO-MAGNETIC SURVEY TO PROVIDE INFORMATION ON HYDROCARBONS AND OTHER NATURAL RESOURCES WHICH MIGHT BE FOUND IN EXPLOITABLE QUANTITIES IN RELATIVELY UNEXPLORED AREAS ON MAINLAND TRINIDAD.

4. AS A RESULT OF THE GOTT'S OIL MISSION TO THE MIDDLE EAST, WILLIAMS ANNOUNCED THAT THE GOVERNMENT OF IRAN WILL SOON SEND A TEAM OF FIVE EXPERTS TO TRINIDAD TO ADVISE ON: A) CONTROL AND MEASUREMENT OPERATIONS OF CRUDE PRODUCTION AND IMPORTATION; B) THE GOTT-OWNED NATIONAL PETROLEUM COMPANY WITH SPECIAL EMPHASIS ON LEGAL AND OPERATIONAL ASPECTS; C) GOVERNMENT PARTICIPATION IN THE OIL INDUSTRY; D) TESTING LABORATORIES; AND E) EXPORT MARKETING. IN RESPONSE TO WHAT SEEMS TO BE A LOW-LEVEL GESTURE BY IRAQ, WILLIAMS ALSO ANNOUNCED THAT TWO TRINIDADIAN PETROLEUM TECHNICIANS WILL BE SENT THERE FOR FURTHER TRAINING.

5. FINALLY, THE PRIME MINISTER REFERRED TO THE GOTT'S EFFORTS TO OBTAIN PARTICIPATION IN EXISTING PETROLEUM INDUSTRY INVESTMENTS IN TRINIDAD. HE SAID THAT THE GOTT "IS AWAITING INFORMATION FROM TEXACO IN RELATION TO THEIR ASSETS FOR CONSIDERATION BY EXPORTS SELECTED BY OUR OIL MINISTRY." HE ALSO REFERRED TO ON-GOING DISCUSSIONS WITH AMOCO REGARDING THE WHOLE QUESTION OF JOINT PARTICIPATION IN INDUSTRIAL VENTURES WITH PARTICULAR

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Draft Date: 09 MAY 1974
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